



GUARDIAN MINES LIMITED

(No Personal Liability)

Annual Report

1969

GUARDIAN MINES LIMITED

(No Personal Liability)

Suite 405 — 67 Yonge Street

Toronto 1, Ontario

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual Meeting of the Shareholders of the Company will be held on Wednesday, the 18th day of February, 1970, at the hour of 11:00 o'clock in the forenoon (Montreal time) at the Quebec Room, Mount Royal Hotel, Peel Street, Montreal, Quebec, for the purposes of:

- (1) Receiving and considering the report of the directors;
- (2) Receiving and considering the financial statement for the year ended October 31st, 1969 and the report of the auditors;
- (3) Electing directors;
- (4) Appointing Messrs. Starkman, Kraft, Rothman, Berger & Grill, Chartered Accountants, Toronto, the auditors of the Company; and
- (5) Transacting such other business as may be properly brought before the meeting, or any adjournment thereof.

DATED at Toronto, Ontario, this 30th day of January, 1970.

By Order of the Board,

J.A. MURPHY,

Secretary.

NOTE: If you are unable to be present at the meeting, you may complete and return the attached proxy.

GUARDIAN MINES LIMITED

(No Personal Liability)

Head Office:

SUITE 914 — 1155 DORCHESTER BLVD. WEST
MONTREAL, QUEBEC

Executive Office:

SUITE 405 — 67 YONGE STREET
TORONTO 1, ONTARIO
TELEPHONE: 366-9669

REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS:

After a comparatively inactive year in 1969 your Company, as a result of new financing and the acquisition of new property interests, is now about to embark on a new program of mining exploration activity in Ontario on properties which our consultant geologist advises all show good potential for development.

The new financing in the amount of \$70,000.00 has been arranged through the sale of treasury shares.

THE NEW PROPERTY INTERESTS

Your Company has acquired a fifty per cent interest in three properties all located in the Cobalt area of Ontario and considered to have good potential for silver-cobalt, silver-copper, and uranium. The report of David N. Glassey, B.D., consultant geologist dated September 9, 1969, provides the following information on these properties:

JOHN HUGHES GROUP --- This covers about 1,200 acres in Coleman Township. There have been some 40 showings reported on this property, according to local prospectors and geologists, including a cobalt vein reputed to be 15 feet wide and a silver showing 2 inches wide. Since no work has been done on the property for about 40 years, and it is now overgrown, these reputed showings could not be located, except for three which were water filled.

PORTAGE BAY GROUP --- This property covers about 680 acres, also in Coleman Township. Back in 1916 a 50-ton sample was reported taken from this location which assayed 12.6 ozs. silver per ton and 13.33% copper. The report adds that a vein on the property is about 4 feet wide and includes chalcopryite and bornite (sulphides of copper). A series of trenches were located following the contact zone and four old shafts found.

THE HERBERT URANIUM GROUP --- This is a 600 acre property in Hebert Township and abuts on the west shore of Lake Temiskaming. The country rock here is described as similar to that of Bancroft, Ontario and Mont Laurier, Quebec, area known for uranium. Glassey notes that unconfirmed reports indicate that a possible grade of 1% uranium oxide was assayed in the red pegmatites, but the party who took these samples refuses to release the results.

The report concludes: "Due to the multitude of showings and favourable structure on each of the three groups, further work on the properties would be apt to yield encouraging results."

The first stage of the 3-stage program recommended calls for a program of trenching, sampling, geophysical surveys, "X-ray" diamond drilling, assaying and general prospecting.

The second stage advances this work in accordance with results from stage 1 and would include radiometric surveys.

The third stage would involve largely diamond drilling with heavier equipment and other work as dictated by the results of the first two stages.

It is perhaps worth noting at this point that silver, copper and uranium are all in high demand. In the case of silver, prices have recently been rising again after a decline in 1969, and Metals Week (New York) in a silver review January 24, 1970 states: "There have been estimates of \$3.00 silver before 1971. Some market watchers are much more conservative -- but all agree that the movement will be up." (The current price is around \$2.00 an ounce). As for copper, the current price, already at a record high, is expected to go higher in the next few months. Uranium pricing is uncertain at this time, but there is no doubt about the future demand by the nuclear power industry.

OTHER HOLDINGS

In the past year, an airborne gamma ray spectrometer survey was carried out over your Company's 52-claim Mont Laurier, Quebec uranium prospect. Considering the generally inconclusive results from other exploration in this area, it is recommended that no further work be planned at this time. The claims, however, are held in good standing pending possible future developments of interest in the area.

The Upper Shebandowan Lake property in the Thunder Bay area is also held, though no further work is planned. Similarly, the optioned property at Herb Lake, Manitoba, remains valid until June of this year, at which time it will be reviewed in the light of results from any other activity in the surrounding area.

ANNUAL MEETING

The audited Financial Statements for the year ended October 31, 1969 are presented herewith. The Annual Meeting of Shareholders will be held in Montreal on Wednesday, February 18, 1970 and the time and place will be found in the accompanying Notice of Meeting. A proxy form is also enclosed for the use of those unable to attend.

We are looking forward to the new exploration program your Company has embarked on. As the work advances, progress reports will be issued to keep shareholders informed of significant results.

On behalf of the Board of Directors,

C. JACOBS,
President

January 30, 1970

GUARDIAN MINES LIMITED
(No Personal Liability)
(Incorporated under the Laws of the Province of Quebec)

BALANCE SHEET AS AT OCTOBER 31, 1969

ASSETS

Current Assets

Cash	\$ 1,840	
Term deposit	17,000	
Sundry receivables	584	
Deposit, Dominion of Canada bond - 4¼% due September 2, 1972		
- at cost	<u>962</u>	\$ 20,386

Investments - at nominal value

15,000 shares of Cornwall Tin Mines		1
Mining claims and mining properties - at cost (Note 1)		97,859
Option on mining claims and mining properties (Note 2)		2,001
Deposit on interest in mining claims (Note 5)		1,000
Preproduction expenditures - at cost		288,442
Exploration and development equipment		353
Organization costs		<u>5,544</u>
		<u>\$415,586</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Accounts payable	\$ 6,444
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Shareholders' Equity

Capital Stock (Notes 3 and 6)

Authorized

3,500,000 shares, no par value

Issued and Fully Paid (No change during year)

	Number	Value	
Cash	1,167,771	\$458,417	
Properties	<u>681,252</u>	<u>446,880</u>	
	<u>1,849,023</u>	<u>\$905,297</u>	\$905,297

Deficit - per statement attached	<u>(496,155)</u>
	<u>\$415,586</u>

The accompanying notes are an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD:

"CYRIL JACOBS" Director

"MEL BROOKS" Director

To be read in conjunction with the Auditors' Report attached hereto dated January 12, 1970.

AUDITORS' REPORT

To the Shareholders of
Guardian Mines Limited (No Personal Liability)

We have examined the balance sheet of Guardian Mines Limited (No Personal Liability) as at October 31, 1969 and the Statements of Preproduction Expenditures, Deficit and Source and Application of Funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at October 31, 1969 and the results of its operations and the source and application of its funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

Toronto, Ontario
January 12, 1970

STARKMAN, KRAFT, ROTHMAN, BERGER, & GRILL
Chartered Accountants

GUARDIAN MINES LIMITED

(No Personal Liability)

STATEMENT OF PREPRODUCTION EXPENDITURES

FOR THE YEAR ENDED OCTOBER 31, 1969

DEVELOPMENT EXPENDITURES	Incorporation to October 31, 1968	Expenditures November 1, 1968 to October 31, 1969	Balance as at October 31, 1969
GASPE NORTH AREA, QUEBEC - WRITTEN OFF			
Ground survey and engineering	\$ 15,034		\$ 15,034
Sundry	40		40
Consulting fees and expense	2,165		2,165
Rental and renewal fees	<u>650</u>		<u>650</u>
	<u>\$ 17,889</u>	<u>---</u>	<u>\$ 17,889</u>
PORT ARTHUR, ONTARIO			
Assaying	\$ 2,239		\$ 2,239
Diamond drilling	83,174		83,174
Engineering	13,388		13,388
Geophysical survey	5,620		5,620
Wages	2,459		2,459
Taxes	1,269	\$ 484	1,753
Camp, travel, building and other expenses	<u>4,359</u>		<u>4,359</u>
	<u>\$112,508</u>	<u>\$ 484</u>	<u>\$112,992</u>
HERB LAKE, MANITOBA, OPTION			
Geophysical survey	\$ 2,215		\$ 2,215
Consulting fees and expense	6,368		6,368
Insurance	226	\$ 226	452
Diamond drilling	24,067		24,067
Assays	45		45
Licenses	<u>55</u>		<u>55</u>
	<u>\$ 32,976</u>	<u>\$ 226</u>	<u>\$ 32,202</u>
OLDEN AND OSO TOWNSHIPS, ONTARIO OPTION - WRITTEN OFF			
Consulting fees and expenses	\$ 14,263		\$ 14,263
Linecutting, trenching, etc.	4,614		4,614
Diamond drilling	30,502		30,502
Assaying	1,801		1,801
Equipment rental	405		405
General mine expenses	848	\$ 17	865
Prospecting	262		262
Licenses	<u>60</u>	<u>66</u>	<u>126</u>
	<u>\$ 52,755</u>	<u>\$ 83</u>	<u>\$ 52,838</u>
carried forward	\$216,128	\$ 793	\$216,921

GUARDIAN MINES LIMITED

(No Personal Liability)

STATEMENT OF PREPRODUCTION EXPENDITURES FOR THE YEAR ENDED OCTOBER 31, 1969

	Incorporation to October 31, 1968	Expenditures November 1, 1968 to October 31, 1969	Balance as at October 31, 1969
brought forward	<u>\$216,128</u>	<u>\$ 793</u>	<u>\$216,921</u>
DEVELOPMENT EXPENDITURES			
ST. ANNE DU LAC AREA, QUEBEC			
Consulting fees and expenses	\$ 500		\$ 500
Bulldozing and blasting		\$ 300	300
Assaying		\$ 24	24
Licenses, fees and taxes		633	633
Radiometric survey		2,000	2,000
General mine expenses		47	47
	<u>\$ 500</u>	<u>\$ 3,004</u>	<u>\$ 3,504</u>
COLEMAN TOWNSHIP, ONTARIO			
Consulting fees and expenses	--	\$ 466	\$ 466
PROPERTY EXAMINATIONS - GENERAL			
Consulting fees and expenses	\$ 1,519	\$ 425	\$ 1,944
TOTAL DEVELOPMENT EXPENDITURES	\$218,147	\$ 4,688	\$222,835
LESS: Development expenditures on claims abandoned	<u>17,889</u>	<u>52,838</u>	<u>70,727</u>
	<u>\$200,258</u>	<u>\$(48,150)</u>	<u>\$152,108</u>
ADMINISTRATIVE EXPENDITURES			
Legal and audit	\$ 58,982	\$ 7,980	\$ 66,962
Transfer agents' fees and expenses	12,009	2,012	14,021
Taxes	1,259	340	1,599
Stock registering and listing fees	5,635	232	5,867
Salaries	2,300		2,300
Travel	2,156	440	2,596
Shareholders and corporate meeting expense	7,583	1,331	8,914
Stationery and general expense	4,126	(2,012)	2,114
Business taxes	1,000		1,000
Telephone and telegraph	211		211
Directors' fees	5,475	500	5,975
Administration fees	30,925	2,400	33,325
	<u>\$131,661</u>	<u>\$13,223</u>	<u>\$144,884</u>
LESS: Pro rata write-off of administrative expenses relating to Gaspé North Area, Quebec, mining claims abandoned and Olden and Oso Town- ships, Ontario, option dropped to deficit account (Note 4)	<u>5,900</u>	<u>2,650</u>	<u>8,550</u>
	<u>\$125,761</u>	<u>\$10,573</u>	<u>\$136,334</u>
TOTAL PREPRODUCTION EXPENDITURES	<u>\$326,019</u>	<u>\$(37,577)</u>	<u>\$288,442</u>

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STATEMENT OF DEFICIT

FOR THE YEAR ENDED OCTOBER 31, 1969

<u>Balance,</u> November 1, 1968		\$432,668
Loss on revaluation of investments to nominal value		2,999
<u>Olden and Oso Townships,</u> Ontario (Note 4)		
Option to purchase 10 mining claims dropped	\$ 5,000	
Preproduction expenditures related thereto		
- development	52,838	
- administrative	<u>2,650</u>	<u>60,488</u>
<u>Balance,</u> October 31, 1969		<u>\$496,155</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED OCTOBER 31, 1969

SOURCE

Nil

APPLICATION

Preproduction Expenditures

Development

Port Arthur, Ontario	\$ 484	
Herb Lake, Manitoba	226	
Olden and Oso Townships, Ontario	83	
St. Anne Du Lac Area, Quebec	3,004	
Coleman Township, Ontario	466	
Others	<u>425</u>	\$ 4,688

<u>Administrative</u>	<u>13,223</u>	
		\$17,911

Option on mining claims	2,000	
Deposit on interest in mining claims	<u>1,000</u>	\$ 20,911

<u>Decrease in working Capital</u>		\$ 20,911
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<u>Working Capital at November 1, 1968</u>		<u>34,853</u>
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<u>Working Capital at October 31, 1969</u>		<u>\$ 13,942</u>
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NOTES TO FINANCIAL STATEMENTS AS AT OCTOBER 31, 1969

1. The mining claims and properties consist of the following:

Two patented mining claims in the Port Arthur Mining Division, Ontario	\$90,059
Fifty-two unpatented mining claims in the St. Anne Du Lac Area, Township of Joliette 50, Province of Quebec	<u>7,800</u>
	<u>\$97,859</u>

2. Pursuant to an agreement dated May 19, 1967 the company was granted, for an initial period of six months from the date of acceptance by the regulatory bodies, the exclusive and irrevocable privilege of performing mining evaluation, exploration and development work on the Herb Lake Area property in return for assuming the cost of a survey of its choice during the said period. If the company meets this latter obligation, it has the further privilege of extending the option for a further eighteen months. By a payment of \$2,000 the option was extended for a further twelve months. The company may acquire the said mining claims by organizing a mining company with an authorized capital of 5,000,000 shares with the said mining claims to be transferred to such new mining company for the maximum vendor share consideration permitted by the appropriate Governmental authority. The company is to receive 50% of these shares and the vendor the other 50% provided that 100% of the vendor share consideration is subject to escrow.

The option on mining claims and mining properties consist of the following:

Working option to purchase 18 mining claims in the Herb Lake Area, Manitoba - at nominal value	\$ 1
Paid to extend option	<u>2,000</u>
	<u>\$ 2,001</u>

3. 81,252 escrowed shares of the capital stock of the company have been donated to the registrar of the company for the benefit of the company from certain shareholders.
4. The Gaspé North Area, Province of Quebec mining claims, which were abandoned and the option on 10 mining claims, in the township of Oso and Olden, Ontario, which was dropped by the company and the development expenses incurred thereon were written off to deficit on the basis of the cost of these claims and option, and these expenses to the company. However, the administrative expenses incurred thereon were written off to deficit on the basis of the proportionate development expenses of the claims abandoned and option dropped related to the total development expenses incurred by the company.
5. Pursuant to an agreement dated September 9, 1969, the company has agreed to purchase a 50% interest in twenty-seven unpatented mining claims and three patented mining claims in Coleman Township, Temagami, Ontario for \$15,000 of which \$1,000 has been paid.
- Subsequent to October 31, 1969 the company paid \$1,800 to stake twenty-four mining claims in the Kashabowie Lake Area, District of Thunder Bay, Ontario. The company does not propose to do any work on this property.
6. Pursuant to an underwriting agreement dated December 10, 1969 the company has agreed to sell 200,000 shares of capital stock at 15¢ per share (\$30,000) and 100,000 shares of capital stock at 20¢ per share (\$20,000) payable within three days of either the date of acceptance by the Canadian Stock Exchange of notice of such agreement or the date of acceptance for filing of the company's prospectus by the Quebec Securities Commission, whichever date is last in point of time (the effective date). The company has optioned an additional 100,000 shares of capital stock at 20¢ per share (\$20,000) to be exercised within three months from the effective date. The expenses of the issue are estimated by the company not to exceed \$6,000.

